Province of Nova Scotia
Financial Report
1992

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Nova Scotia

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It is my pleasure to release the annual Financial Report of the Province of Nova Scotia for 1991-92. This report reviews the economic situation in 1991 and highlights selected financial information and statistics. In addition this report presents the Financial Statements for the fiscal years ended March 31, 1992 and 1991. The complete Public Accounts will be presented to the Legislative Assembly at its next session.

Hon. Charles W. MacNeil, M.D.,
Minister of Finance

Province of Nova Scotia Financial Report 1992

Nova Scotia

Province of Nova Scotia

Financial Report

March 31, 1992

	Page
Selected Financial Highlights and Economic Indicators	3
Economic Review	4
Industry Performance	5
Revenue Review	6
Expenditure Review	7
Debt Review	9
Financial Statements	
Auditors' Report	11
Statement of Financial Position	12
Consolidated Fund Transactions	13
Current Revenue and Expenditure	14
Capital Expenditure	15
Changes in Net Direct Debt	16
Loans and Investments	17
Additional Loans, Investments and Repayments	18
Debentures and Sinking Funds	19
Notes to the Financial Statements	24

Province of Nova Scotia

Selected Financial Highlights and Economic Indicators

1991-92

FINANCIAL HIGHLIGHTS ($ Millions)

	1987-88 Actual	1988-89 Actual	1989-90 Actual	1990-91 Actual	1991-92 Estimate	1991-92 Actual	1991-92 Over(Under) Estimate
Revenues and Recoveries	$3,164.5	$3,411.9	$3,688.0	$3,895.5	$4,062.6	$3,880.4	($182.2)
Ordinary Expenditure	3,283.6	3,526.6	3,773.9	4,057.6	4,254.4	4,234.4	(20.0)
	119.1	114.7	85.9	162.1	191.8	354.0	162.2
Prior Years' Adjustments	3.8	53.6	24.1	16.3	N/A	32.1	32.1
Operating Deficit	115.3	61.1	61.8	145.8	191.8	321.9	130.1
Sinking fund Installments	86.5	90.9	100.8	99.9	108.0	108.1	0.1
Net Capital Expenditure	219.2	297.9	335.8	254.4	263.1	236.1	(27.0)
Net Budgetary Requirements	421.0	449.9	498.4	500.1	562.9	666.1	103.2
Net (Decrease) Increase in Loans & Advances	(18.7)	7.8	(1.8)	38.9	36.8	(10.1)	(46.9)
	402.3	457.7	496.6	539.0	599.7	656.0	56.3
Non-Budgetary Transactions	9.8	11.4	10.7	8.2	9.0	7.2	(1.8)
Non-Fund Req. Trans.	(20.1)	(4.2)	(29.1)	(29.3)	(8.8)	(32.6)	(23.8)
Refinancing Trans.	241.1	174.2	970.8 *	52.3	45.8	57.2	11.4
Financing Requirements	$633.1	$639.1	$1,449.0	$570.2	$645.7	$687.8	$42.1

* includes assumption of Sysco Debt of $785 million.

ECONOMIC INDICATORS

	1987	1988	1989	1990	1991	Estimate 1992	Comp. Growth Rate
Population (thousands)	878.0	881.9	888.3	895.1	900.6	906.0	0.63%
Personal Income ($ million)	$13,184.0	$14,096.0	$15,109.0	$16,230.0	$16,734.0	$17,403.0	5.71%
Consumer Price Index - Halifax (Growth %)	3.6%	3.7%	4.7%	5.1%	5.8%	2.0%	4.26%
Gross Domestic Product at Market Prices ($ million)	$13,958.0	$15,067.0	$16,069.0	$17,017.0	$17,656.0	$18,186.0	5.43%
Real Domestic Product at Factor Cost ($ million 1986)	$11,833.0	$12,443.0	$12,816.0	$12,958.0	$12,865.0	$12,978.0	1.86%

Province of Nova Scotia

Economic Review

1991-92

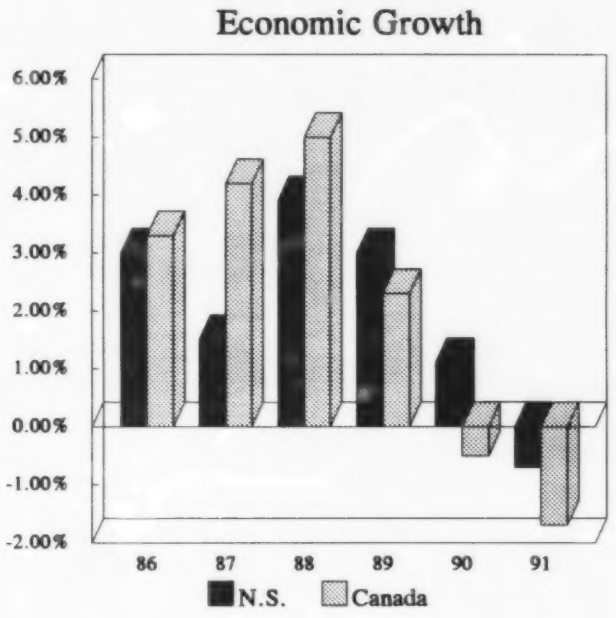
Economic Growth

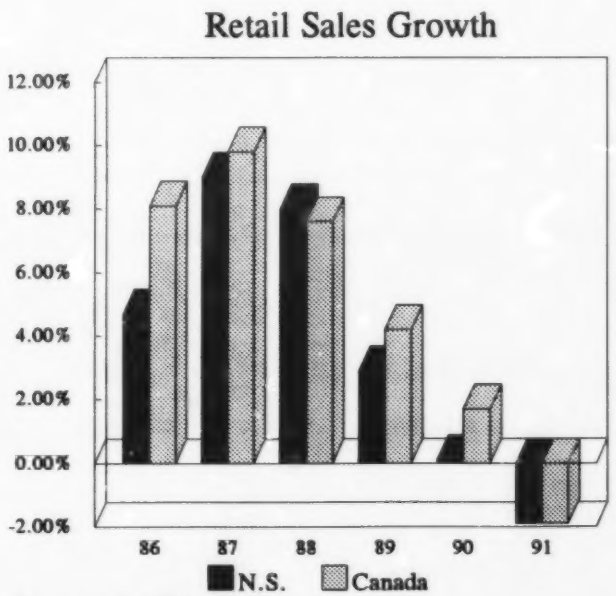
Most of the industralized world experienced a recession during 1991, including Canada and the United States. Consistent with this trend, Canadian Real Domestic Product (RDP) declined by 1.7 percent in 1991 while Nova Scotia RDP decreased by .7 percent. Since the U.S. is a major trading partner of both Canada and Nova Scotia, export growth slowed in 1991. Foreign exports from Nova Scotia declined 2.4 percent below 1990 levels.

On the income side, growth in personal incomes slowed to 3.1 percent while corporate profits before taxes declined 28.8 percent in Nova Scotia in 1991. An increase in the rate of inflation worsened the impact of the recession in 1991 by dampening real income growth and reducing consumer spending. Inflation in Halifax rose from 5.1 percent in 1990 to 5.8 percent in 1991 partially due to implementation of the GST. Retail sales in the Province fell 1.9 percent while capital investment by all sectors decreased 5.8 percent. Housing starts in Nova Scotia totalled 5,173 units in 1991 compared to 5,560 units in 1990.

The average unemployment rate for Nova Scotia was 12.0 percent in 1991 as both the labour force and employment contracted. The number of people available for work (employed & unemployed) shrank by 0.5 percent while the number of people working declined 2.1 percent.

On an industry by industry basis, the mining, fishing and forestry sectors gave a much needed boost to the Nova Scotia economy. Areas of weakness were concentrated in manufacturing, construction, tourism and trade.





Figures exclude FST/GST

Province of Nova Scotia

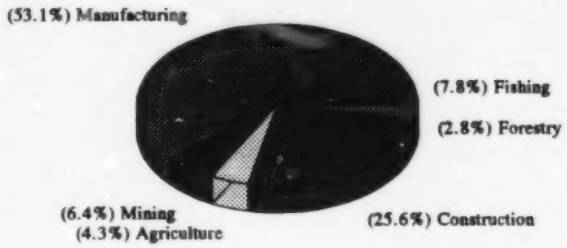
Industry Performance

1991-92

Goods Industries

Goods producing industries comprised 26.5 percent of total economic output in 1991. Nova Scotia's agriculture industry experienced a 4.5 percent decline in farm cash receipts in 1991 as a result of poor weather conditions during the year. The value of fish landings in Nova Scotia rose 11.3 percent in 1991. A strong performance by the pulp & paper sector in terms of output and prices helped offset a decline in the lumber sector in 1991, resulting in a net increase in Nova Scotia forestry RDP of 3.3 percent for the year. Coal production escalated 21.2 percent in 1991, and combined with the development phase of the Cohasset-Panuke oil field project, boosted Nova Scotia's mining RDP by an estimated 21.0 percent in 1991.

Goods Industries GDP 1991
(As a % of Total Goods GDP)

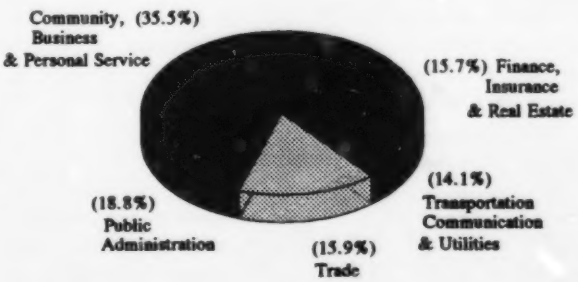


Manufacturing is the largest of the goods producing sectors, comprising over half of RDP for goods in 1991. The value of manufacturing shipments in Nova Scotia declined 1.6 percent that year, while the nation as a whole experienced a 6.5 percent decline. The total value of Nova Scotia construction expenditures fell 3.3 percent as both residential and non-residential spending declined. The Canadian experience was more severe, as the value of construction expenditures declined 6.1 percent in 1991.

Service Industries

Nova Scotia service industries represented the largest share of total RDP, at 73.5 percent compared to 66.4 percent of total Canadian RDP. The stability of the service sector during the business cycle often helps cushion the impact of a recession as it did in 1991, partially explaining why Nova Scotia outperformed the nation as a whole during that period. The community, business and personal service sector is the largest of the service sectors, comprising over one third of Nova Scotia service sector RDP in 1991. Real domestic product related to this sector rose an estimated 2.5 percent in 1991. Public administration RDP rose by 0.5 percent despite the imposition of fiscal restraint by various levels of government. Cargo tonnage handled by the Port of Halifax dropped by 13.9% during 1991, contributing to a decline in the transportation, communications and utilities sector. The trade sector suffered the effects of the GST and the recession with retail sales falling 1.9 percent both in Nova Scotia and Canada. The finance, insurance and real estate sector experienced a mixed performance in 1991. While bank profits improved, the real estate sector saw a 4.3 percent fall in residential MLS unit sales. The average price of a Nova Scotia residential unit rose 2.1 percent in 1991.

Service Industries GDP 1991
(As a % of Total Service GDP)

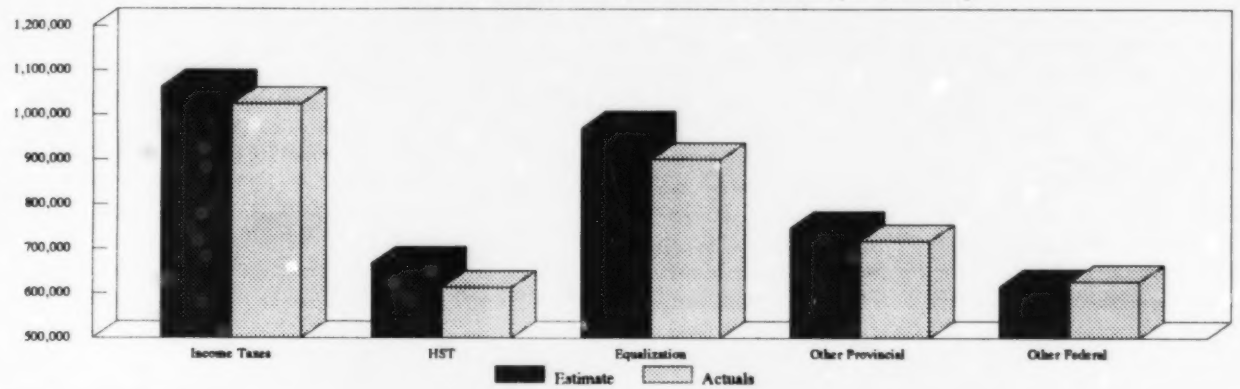


Province of Nova Scotia

Revenue Review

1991-92

1991-92 Current Revenues; Estimate and Actual (in thousands)



Comparison To Budget:

Actual revenues of the Province totalled $3.9 billion in 1991-92, 4.5 percent, or $182 million below the budget estimate.

Provincial Source Revenues:

The major variances in provincial revenues for 1991-92 reflect the impact of the recession in both Nova Scotia and Canada as a whole. The recession and the introduction of the Federal Goods and Services Tax resulted in a slowdown in consumer spending across the Province and related tax revenues. Health Services Tax revenues were $53.9 million less than the estimate while tobacco taxes were $20 million less than estimated.

In 1991-92, the economic slowdown translated into a $29.4 million decline in Corporate Income Tax revenues below the estimate. As well, personal income tax revenue was $10.5 million less than estimated due to the slower growth of personal income levels experienced during the year.

Major Revenues 1991-92

	Budget	Actual (in millions)	Variance
Provincial Sources:			
Income Taxes	$1,064.1	$1,024.2	($39.9)
Health Services Tax	667.0	613.1	(53.9)
Tobacco Tax	125.0	105.0	(20.0)
Gasoline Tax	144.0	141.7	(2.3)
Other Provincial	477.2	470.4	(6.8)
Federal Sources:			
Equalization	970.3	900.2	(70.1)
Est. Programs Financing	331.3	348.0	16.7
Other Federal	283.7	277.8	(5.9)
Total	$4,062.6	$3,880.4	($182.2)

Federal Source Revenues:

The most significant decline in total revenues of the Province occurred in respect of Federal equalization payments. The economic slowdown last year in Canada, especially in Ontario, impacted the standard used to determine the value of provincial equalization transfers. Since April of last year, the federal goverment revised downward its estimate of transfers to Nova Scotia in respect of 1991-92 equalization entitlements by $70 million.

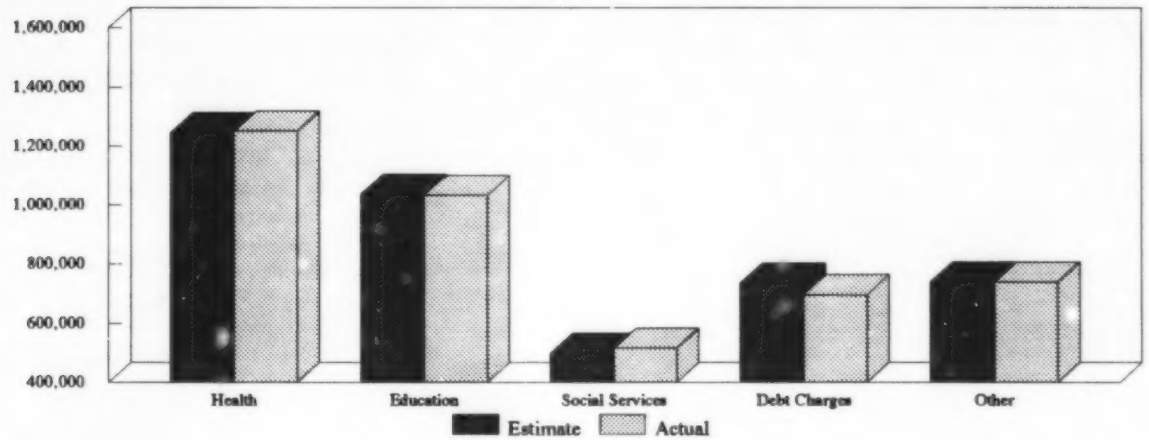
The decrease in the value of income tax points resulted in a $17 million dollar increase in the cash component of Nova Scotia's EPF transfer from the federal government for health and post-secondary education. However, total entitlements of the Province to federal funding for health and post-secondary education remain frozen at 1989-90 per capita levels.

Province of Nova Scotia

Expenditure Review

1991-92

1991-92 Estimate and Actual Expenditures (in thousands)



Comparison To Budget:

For 1991-92, gross ordinary expenditures were $4.2 billion, $20 million (0.5%) below the estimate. The net decrease in ordinary expenditures was, in part, the result of holding program expenditures down through government cost-saving measures. Debt servicing costs were lower due to declines in interest rates and the strength of the Canadian dollar.

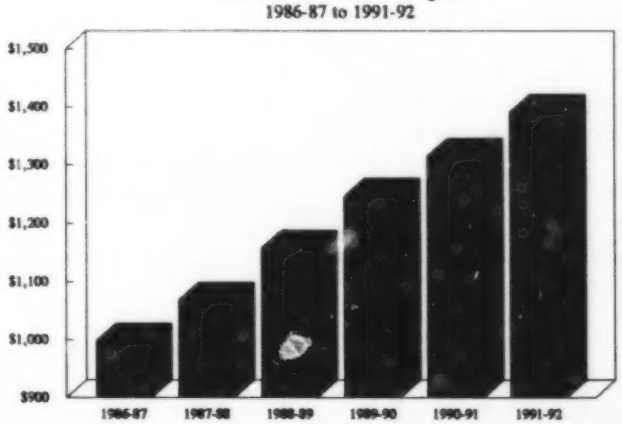
Capital Expenditures

Net capital expenditures for 1991-92 were $238 million, $25 million less than the total program and 6.8 percent lower than the previous fiscal year. The net decrease is due to an overall reduction in capital expenditures, combined with an increase in capital recoveries.

Health

Provincial expenditures on health during 1991-92 were $1,252 million, 6.4 percent higher than the previous year, and $5.8 million (0.5%) over the budget estimate. The marginal growth in actual expenditures over estimate included increased payments to hospitals, including transition funding for the new Grace and IWK hospitals and additional Pharmacare expenditures required to cover increased demand. These increases were offset by actual over estimate declines in other health expenditure areas. On a per capita basis, health costs increased 5.8 percent over the previous year. The per capita expenditure level has reached nearly $1,400.

Health Costs Per Capita
1986-87 to 1991-92



Province of Nova Scotia

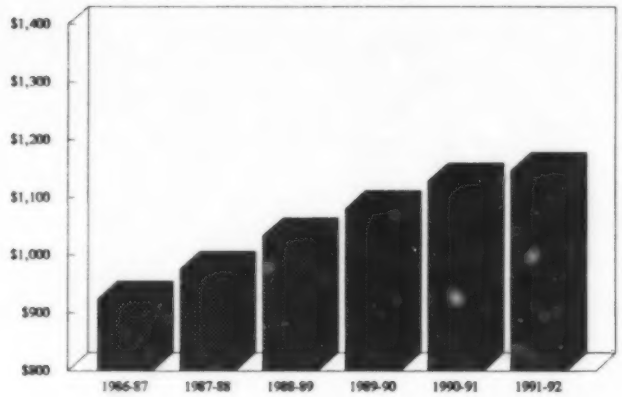
Expenditure Review (Cont'd)

1991-92

Education

Provincial spending related to education amounted to $1.033 billion during 1991-92, an increase of $23 million (2.3%) over the previous year. On a per capita basis, education costs have increased 1.6 percent over the previous year. The per capita cost of education for 1991-92 was $1,147.

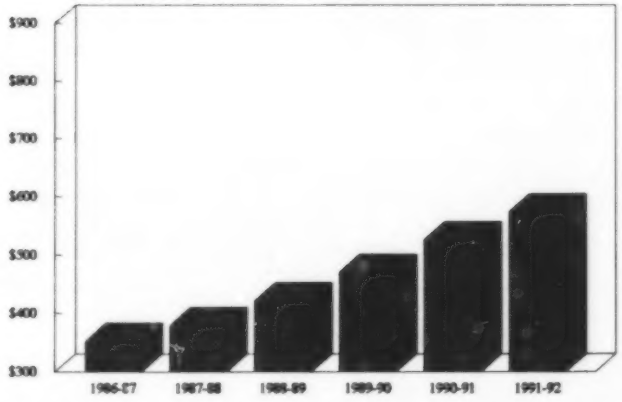
Education Costs Per Capita
1986-87 to 1991-92



Social Services

Social Service expenditures for 1991-92 totalled $517 million. Increases in income support programs, particularly family benefits, municipal social assistance, and workers compensation, contributed to a $17.9 million increase in social services spending over the estimate. The increased case load in these programs reflects the strain that recent economic conditions have placed on social service spending in the 1991-92 fiscal year, representing a 9.7 percent increase over the previous year. Social services spending on a per capita basis experienced an increase of 9.1 percent during 1991-92.

Social Service Costs Per Capita
1986-87 to 1991-92



Province of Nova Scotia

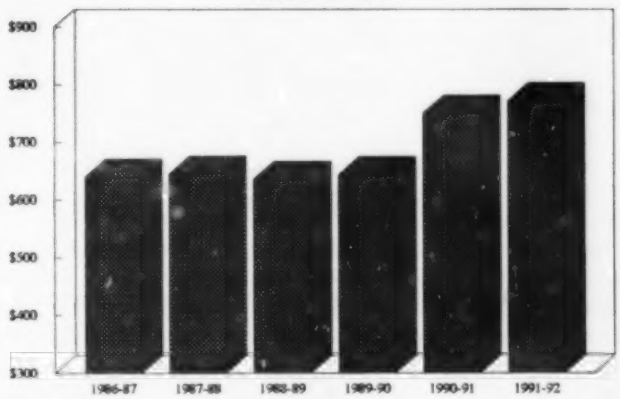
Debt Review

1991-92

Debt Charges

Declines in interest rates and a relatively strong Canadian dollar resulted in debt charges for 1991-92 being 5.4 percent less than the original estimate. This resulted in a $39.6 million under-expenditure. On a per capita basis, debt charges experienced only a marginal increase of 2.8 percent over the previous year. In 1990-91 the Province's debt charges were significantly impacted by the assumption of $785 million of debt of Sydney Steel Corporation.

Debt Servicing Costs Per Capita
1986-87 to 1991-92



Debenture Debt

The Province's net capital debt at March 31, 1992, was $5.9 billion. The Province provides sinking funds for the repayment of outstanding debentures generally designed to retire debt over the longer of 20 years or the term of the issue. Sinking fund assets amounted to $1.6 billion as at March 31, 1992. Sinking fund assets in respect of debentures payable in United States dollars are invested in United States securities.

For the year ended March 31, 1992 the average interest cost in respect of outstanding debentures was 9.24 percent with an average term of 20.3 years. The average remaining term at March 31, 1992 was 13.8 years.

Debenture Debt & Sinking Funds
March 31, 1992
(millions)

	Outstanding Debentures	Sinking Funds
Debentures Payable in		
Canadian Dollars		
Canada Pension Plan Investment Fund	**$1,507.2**	**$449.8**
Other Issues	**1,465.3**	**265.1**
United States Dollars	**3,146.5**	**587.4**
Other Foreign Currencies	**1,341.4**	**68.8**
General Sinking Funds	**—**	**262.0**
	$7,460.4	**$1,633.1**

*** Canadian dollar equivalent at rates of exchange in effect at March 31, 1992**

Debt Review (Cont'd)

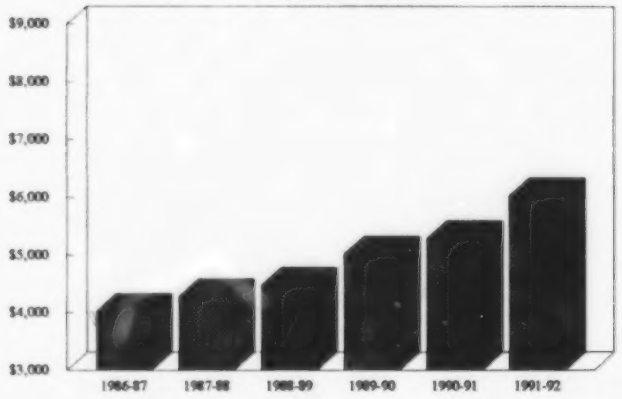
1991-92

Net Direct Debt

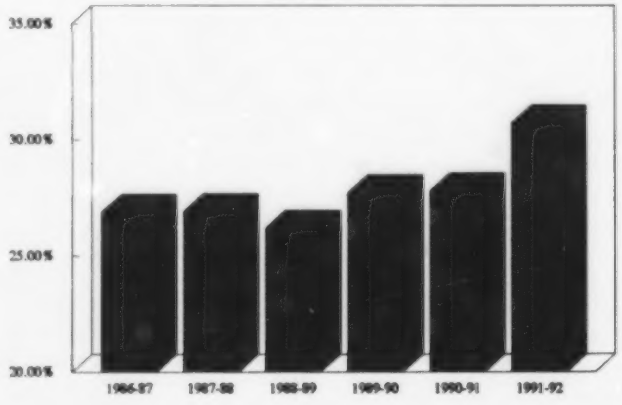
Provincial net direct debt as at March 31, 1992 was $5.4 billion, an increase of $695 million over the previous year. The recording of $86 million in respect of debt obligations of Sysco and $56 million in respect of pension obligations, a decrease of $130 million in the unrealized exchange gain on foreign debt, along with the operating deficit and capital expenditures, all contributed to the increase in net direct debt. The increase in net direct debt was reduced by $152 million of earnings on sinking funds.

Net direct debt amounted to $6,025 per capita at March 31, 1992 an increase of 14.0 percent during the year. Net direct debt as a percent of GDP increased to 30.7 percent at March 31, 1992 reflecting the lack of economic growth during 1991.

Net Direct Debt Per Capita
1986-87 to 1991-92



Net Direct Debt as a % of GDP
1986-87 to 1991-92



Province of Nova Scotia

Auditors' Report

The Honourable Charles W. MacNeil, M.D.,
Minister of Finance,
Province of Nova Scotia,
Halifax, Nova Scotia.

Sir:

We have audited the statements of financial position of the Province of Nova Scotia as at March 31, 1992 and 1991 and the statements of consolidated fund transactions and of current revenue and expenditure for the years then ended together with notes to the financial statements and the supporting statements. These financial statements are the responsibility of the Province. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by senior officials, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Province of Nova Scotia as at March 31, 1992 and 1991 and the results of its operations and the changes in its financial position for the years then ended in accordance with the accounting policies stated in the notes to the financial statements.

Deloitte & Touche
Chartered Accountants

Montreal, Quebec
July 10, 1992

Province of Nova Scotia

Statement of Financial Position

as at March 31

	1992	1991
	(in thousands)	
ASSETS		
Current Assets		
Cash and short-term investments	$ 277,051	$ 173,860
Accounts receivable	420,555	401,566
Inventories	24,856	30,152
Advances	2,584	2,681
	725,046	608,259
Capital Assets (Note 3)		
Loans	718,912	743,413
Investments	5,283	11,104
	724,195	754,517
	$ 1,449,241	$ 1,362,776
LIABILITIES		
Current Liabilities		
Bank advances and short-term borrowings	$ 244,366	$ 137,671
Accounts payable	384,599	323,375
Accrued interest	204,226	191,646
	833,191	652,692
Capital Liabilities (Note 4)		
Debentures	7,460,379	6,927,046
Less: Sinking Funds	1,633,122	1,546,191
	5,827,257	5,380,855
Other Capital Liabilities	51,011	58,901
	5,878,268	5,439,756
Sydney Steel Corporation (Note 7)	85,999	---
Pension Obligations (Note 11)	77,645	1,265
	6,875,103	6,093,713
NET DIRECT DEBT		
Net Direct Debt	(5,425,862)	(4,730,937)
	$ 1,449,241	$ 1,362,776
Trust Funds under Administration (Note 12)	$ 2,632,421	$ 2,361,981
Contingent Liabilites and Commitments (Notes 8 and 9)		

Province of Nova Scotia

Consolidated Fund Transactions

for the fiscal year ended March 31

	1992	1991
	(in thousands)	
Budgetary Transactions		
Current Account		
Excess of Current Operating Expenditure over Revenue and Recoveries	$ 321,885	$ 145,768
Sinking Fund Instalments and Serial Retirements	108,104	99,885
Net Revenue Deficit	429,989	245,653
Capital Account		
Net Capital Expenditure	236,143	254,400
Advance under the Appropriations Act	2	41
Net Budgetary Transactions	666,134	500,094
Non–Budgetary Transactions		
Capital Expenditure for which no vote is required	1,929	967
Net (Decrease) Increase in Loans and Investments	(10,115)	38,938
Expenditure from Health Services Reserve Account	18	18
Expenditure from Funds created from Special Reserve	713	1,474
Earnings on sinking funds pertaining to borrowings for Nova Scotia Power Corporation credited to their Advances	2,348	3,440
Debt Retirement not chargeable to Current Revenue	2,138	2,328
Non–Budgetary Transactions	(2,969)	47,165
Total Budgetary and Non–Budgetary Transactions	663,165	547,259
Less: Non–Fund Requiring Transactions	32,565	29,369
	630,600	517,890
Refinancing Transactions	57,164	52,324
Total Consolidated Fund Transactions	$ 687,764	$ 570,214
Funds Provided By:		
Debentures Issued	$ 621,893	$ 874,666
Disposal of Capital Assets	2,716	524
Net Decrease (Increase) in Cash and Short–term Investments, less Bank Advances and Short–term Borrowings	3,504	(148,179)
Increase (Decrease) in other Net Current Liabilities	59,651	(156,797)
	$ 687,764	$ 570,214

Province of Nova Scotia

Current Revenue and Expenditure

for the fiscal year ended March 31

	1992			1991
	Estimate	Forecast (in thousands)	Actual	Actual
Revenue and Recoveries				
Provincial Sources				
Income Taxes	$ 1,064,062	$ 1,024,232	$ 1,024,232	$ 1,013,700
Sales Taxes	936,000	869,500	859,814	906,834
Interest Revenue – Loans	63,516	54,167	54,404	58,948
– Other	6,955	15,934	14,520	9,605
Liquor Commission	79,500	80,394	79,940	73,800
Transportation and Registry of Motor Vehicles	50,611	49,442	50,033	48,309
Other Provincial Revenue	164,546	165,599	164,982	147,405
Federal Sources				
Equalization	970,300	900,162	900,162	931,600
Established Programs Financing	331,252	348,048	348,048	344,298
Shared Cost Programs	281,538	281,164	275,510	253,762
Other Federal Payments	2,251	2,251	2,251	2,251
Other Recoveries	112,108	106,478	106,527	104,984
	4,062,639	3,897,371	3,880,423	3,895,496
Expenditure				
General Government	124,361	140,652	131,829	111,197
Public Protection	168,540	165,797	165,418	163,857
Transportation and Communications	147,810	153,481	143,111	140,725
Resource Development	191,460	193,461	191,996	207,724
Health	1,246,597	1,248,923	1,252,363	1,176,610
Social Services	498,765	519,094	516,635	470,803
Education	1,035,887	1,033,406	1,032,688	1,009,815
Culture and Recreation	40,089	40,106	39,931	37,787
Debt Charges (Note 5)	734,555	716,246	694,961	671,702
Municipal Affairs	66,351	65,729	65,485	67,387
	4,254,415	4,276,895	4,234,417	4,057,607
Excess of Current Operating Expenditure over Revenue and Recoveries before prior years' adjustments	191,776	379,524	353,994	162,111
Prior Years' Adjustments–Federal–Provincial Fiscal Arrangements	---	34,035	32,109	16,343
Excess of Current Operating Expenditures over Revenue and Recoveries	191,776	345,489	321,885	145,768
Sinking Fund Instalments and Serial Retirements	107,966	107,966	108,104	99,885
Net Revenue Deficit	$ 299,742	$ 453,455	$ 429,989	$ 245,653

Province of Nova Scotia

Capital Expenditure

for the fiscal year ended March 31

	1992			1991
	Total Program	Forecast	Actual	Actual
		(in thousands)		
Capital Expenditure				
General Government	$ 7,226	$ 6,050	$ 6,725	$ 4,759
Public Protection	3,147	2,499	3,027	1,634
Transportation and Communications	117,839	115,419	112,679	123,479
Resource Development	46,123	47,224	50,244	61,354
Health	54,267	44,763	41,745	48,991
Social Services	474	539	439	203
Education	12,835	12,161	11,922	12,750
Culture and Recreation	7,324	6,876	6,502	7,159
Municipal Affairs	36,332	30,958	28,348	31,062
	285,567	266,489	261,631	291,391
Less: Recoveries	22,511	23,141	23,559	36,024
Net Capital Expenditure	$ 263,056	$ 243,348	$ 238,072	$ 255,367

Note: Capital expenditures consist of budgetary and non–budgetary transactions which for the year ended March 31, 1992 amounted to $236,143,000 and $1,929,000 respectively (1991– $254,400,000 and $967,000).

Province of Nova Scotia

Changes in Net Direct Debt

for the fiscal year ended March 31

	1992	1991
	(in thousands)	
Net Direct Debt – beginning of year	$ 4,730,937	$ 4,454,057
Add:		
Excess of Current Operating Expenditure over Revenue and Recoveries(Statement 3)	321,885	145,768
Transactions not affecting Net Direct Debt	8,563	3,782
	330,448	149,550
Net Capital Expenditure(Statement 4)	238,072	255,367
Expenditures from Reserve Accounts –		
Funds created from Special Reserve Account	713	1,474
Health Services Reserve Account	18	18
Change in provision for doubtful loans	(100)	36
Decrease in unrealized gain in respect of the translation of foreign currency debt and sinking funds	129,503	3,322
Sydney Steel Corporation (Note 7)	85,999	---
Pension Obligations (Note 11)	56,116	---
Discounts on debentures issued	8,908	10,320
Total Additions to Net Direct Debt	849,677	420,087
Deduct:		
Income from sinking funds	152,036	142,683
Proceeds of disposal of capital assets	2,716	524
Total Deductions from Net Direct Debt	154,752	143,207
Increase in Net Direct Debt for the year	694,925	276,880
Net Direct Debt – end of year	$ 5,425,862	$ 4,730,937

Province of Nova Scotia

Loans and Investments

as at March 31

	Loans and Investments	Provisions	Loans and Investments less Provisions 1992	1991
		(in thousands)		
Loans:				
Housing –				
Housing Development Act(net of Canada Mortgage and Housing Corporation and other borrowings of $51,698,000 in 1992 and $55,175,000 in 1991)	$ 108,348	$ 3,288	$ 105,060	$ 113,522
Resource and Industrial Development –				
Agriculture and Rural Credit Act	150,686	4,800	145,886	144,969
Business Capital Corporation Act	61,123	19,793	41,330	35,409
Deuterium of Canada Act	113,897	---	113,897	113,897
Fisheries Development Act	54,063	1,039	53,024	56,287
Industrial Development Act	161,013	67,601	93,412	100,551
Industrial Loan Act	31,978	17,387	14,591	22,954
Nova Scotia Power Corporation Act	3,312	---	3,312	8,459
Small Business Development Corporation Act	54,272	7,734	46,538	44,951
Venture Corporations Act	6,772	4,922	1,850	3,452
Miscellaneous	1,060	---	1,060	816
Other –				
Loans to Municipalities	16,849	---	16,849	19,770
Universities Assistance Act	82,103	---	82,103	78,376
Health Services Tax Act	1,434	1,434	---	---
	846,910	127,998	718,912	743,413
Investments	10,883	5,600	5,283	11,104
	$ 857,793	$ 133,598	$ 724,195	$ 754,517

Province of Nova Scotia

Additional Loans, Investments and Repayments

for the fiscal year ended March 31

Additional Loans and Investments 1992	Additional Loans and Investments 1991		Repayments 1992	Repayments 1991
(in thousands)			(in thousands)	
		Housing –		
$ 30,053	$ 35,151	Housing Development Act	$ 38,198	$ 36,718
		Resource and Industrial Development –		
13,482	15,180	Agriculture and Rural Credit Act	11,567	9,300
21,336	10,921	Business Capital Corporation Act	7,022	7,297
9,784	8,064	Fisheries Development Act	12,998	11,852
5,296	47,738	Industrial Development Act	10,714	15,630
271	8,387	Industrial Loan Act	8,766	5,109
---	---	Nova Scotia Power Corporation Act	6,020	9,356
7,280	11,192	Small Business Development Corporation Act	3,987	3,179
---	50	Venture Corporations Act	77	484
289	41	Miscellaneous	45	52
		Other –		
---	---	Loans to Municipalities	2,922	2,984
7,199	6,352	Universities Assistance Act	3,472	2,383
---	---	Health Services Tax Act	59	---
$ 94,990	$ 143,076		$ 105,847	$ 104,344

Province of Nova Scotia

Debentures and Sinking Funds

as at March 31, 1992

Series	Date of Issue	Date of Maturity	Rate	Amount Outstanding (in thousands)	Sinking Funds (in thousands)
Payable in Canadian Currency					
	Canada Pension Plan Investment Fund(A)				
CP08	May 1, 1972	May 1, 1992	7.08 %	$ 35,715	$ 35,715
CP11	Aug. 1, 1973	March 1, 1993	7.36	38,567	36,160
CP13	Aug. 1, 1974	March 1, 1994	7.53	43,767	36,782
CP14	Aug. 1, 1975	March 10, 1995	8.55	50,910	38,015
CP15	Oct. 1, 1976	March 2, 1996	8.94	57,325	37,824
CP16	Nov. 1, 1977	March 3, 1997	9.00	59,709	34,576
CP18	Nov. 1, 1978	March 1, 1998	9.08	62,852	31,820
CP19	Feb. 1, 1980	March 1, 1999	9.56	68,176	29,619
CP20	Nov. 3, 1980	March 3, 2000	10.59	73,922	28,081
CP21	Oct. 1, 1981	March 2, 2001	12.70	78,277	25,528
CP22	Apr. 1, 1982	March 1, 2002	15.43	96,251	27,642
CP23	June 1, 1983	March 1, 2003	14.67	93,725	22,362
CP24	June 1, 1984	March 1, 2004	11.60	90,597	17,753
CP25	Aug. 1, 1985	Jan. 2, 2005	13.37	85,762	13,884
CP26	April 1, 1986	March 3, 2006	11.48	91,752	12,087
CP27	May 1, 1987	March 2, 2007	9.61	109,641	10,800
CP29	May 1, 1988	March 1, 2008	9.77	81,516	5,849
CP30	June 1, 1989	Dec. 1, 2008	10.08	78,450	3,529
CP31	June 1, 1990	March 1, 2010	9.90	85,218	1,815
CP32	May 1, 1991	Aug. 1, 2010	10.58	46,648	(A)
T296	April 2, 1991	April 2, 2011	10.01	19,661	(A)
T297	May 1, 1991	May 1, 2011	9.81	20,648	(A)
T298	June 3, 1991	June 3, 2011	9.86	22,881	(A)
T299	July 2, 1991	July 2, 2011	10.04	15,218	(A)
				1,507,188	449,841

Province of Nova Scotia

Series	Date of Issue	Date of Maturity	Rate	Amount Outstanding (in thousands)	Sinking Funds
	Other Issues				
BN	Nov. 1, 1980	Dec. 1, 1992–1993(a)	12.125 %	43	(B)
8M	Nov. 1, 1983	Nov. 1, 1993	12.000	100,000	25,178
6B	March 1, 1964	March 1, 1994	5.500	7,500	7,500
8R	Feb. 20, 1985	Feb. 20, 1995	11.625	100,000	29,970
7D	Dec. 1, 1971	Dec. 1, 1996	7.625	10,000	7,883
8G	April 15, 1982	April 15, 1997	15.500	100,000	32,034
7Q	Jan. 1, 1979–1992	Jan. 1, 1998	5.500	68,908	(C)
7U	Dec. 21, 1978	Dec. 21, 1998	10.000	50,000	22,101
8Z	March 1, 1988	March 1, 1998	9.875	150,000	10,115
7W	Jan. 4, 1980	Jan. 4, 2000	11.250	75,000	28,676
7K	Mar. 3, 1975	March 3, 2000	9.250	35,000	25,892
7Z	Dec. 29, 1980	Dec. 29, 2000	13.375	85,000	28,145
7S	March 15, 1978	March 15, 1993–2003(a)	9.750	8,250	(B)
7V	March 30, 1979	March 30, 1993–2004(a)	10.500	12,000	(B)
8Q	Dec. 18, 1984	Dec. 18, 2004	12.625	150,000	20,384
7T	Sept. 7, 1978	Sept. 7, 1992–2008(a)	9.750	13,600	(B)
8S	July 3, 1985	July 3, 2009	11.250	150,000	14,001
8U	Dec. 12, 1985	Dec. 12, 2009	10.875	150,000	13,253
9K	Jan. 30, 1992	Jan. 30, 2022	9.600	200,000	(D)
				1,465,301	265,132

Province of Nova Scotia

Series	Date of Issue	Date of Maturity	Rate			Amount Outstanding (in thousands)	Sinking Funds
Payable in United States Currency(E)							
8X	June 1, 1987	June 1, 1992	8.875 %	(U.S.$	125,000)	148,650	55,868
6J	July 1, 1967	July 1, 1992	6.250	(U.S.$	35,000)	41,622	41,622
6K	Oct. 15, 1967	Oct. 15, 1992	6.500	(U.S.$	35,000)	41,622	41,622
6N	Feb. 1, 1968	Feb. 1, 1993	7.000	(U.S.$	40,000)	47,568	47,568
6Q	Aug. 1, 1968	Aug. 1, 1993	7.250	(U.S.$	25,000)	29,730	29,730
6S	Nov. 15, 1968	Nov. 15, 1993	7.250	(U.S.$	35,000)	41,622	41,622
6T	March 1, 1969	March 1, 1994	7.625	(U.S.$	30,000)	35,676	35,676
6U	Aug. 1, 1969	Aug. 1, 1994	8.625	(U.S.$	35,000)	41,622	41,622
6V	Nov. 15, 1969	Nov. 15, 1994	9.000	(U.S.$	35,000)	41,622	41,622
8Y	Jan. 1, 1988	Jan. 1, 1995	9.625	(U.S.$	200,000)	237,840	22,606
6W	March 15, 1970	March 15, 1995	9.750	(U.S.$	20,000)	23,784	23,784
7P	Dec. 29, 1977	Dec. 29, 1992–1997(a)	8.875	(U.S.$	20,900)	24,854	(B)
8K	Feb. 1, 1983	Feb. 1, 1998	11.750	(U.S.$	100,000)	118,920	41,746
7L	March 1, 1976	March 1, 2001	9.250	(U.S.$	60,000)	71,352	54,748
9D	Nov. 15, 1989	Nov. 15, 2001/2019	8.250	(U.S.$	250,000)	297,300	6,469
9F	July 15, 1990	July 15, 2002	9.375	(U.S.$	300,000)	356,760	3,817
8L	May 15, 1983	May 15, 2013	11.500	(U.S.$	150,000)	178,380	22,061
8V	March 15, 1986	March 15, 2016	8.875	(U.S.$	150,000)	178,380	14,351
9B	Feb. 1, 1989	Feb. 1, 2019	9.500	(U.S.$	200,000)	237,840	7,988
9C	July 1, 1989	July 1, 2019	8.875	(U.S.$	200,000)	237,840	5,360
9E	March 1, 1990	March 1, 2020	9.250	(U.S.$	300,000)	356,760	7,547
9J	May 1, 1991	May 1, 2021	9.125	(U.S.$	300,000)	356,760	(D)
						3,146,504	587,429

Series	Date of Issue	Date of Maturity	Rate			Amount Outstanding (in thousands)	Sinking Funds
Payable in Other Currencies (F)							
8T	Nov. 13, 1985	Nov. 13, 2005	5.500 %	(SF	190,000)	150,841	11,688
9G	Aug. 3, 1990	Aug. 3, 2000	7.000	(SF	250,000)	198,475	4,284
8C	Oct. 31, 1981	Oct. 31, 2011	16.750	(UK £	30,000)	61,950	6,197
8P	April 18, 1984	April 18, 2019	11.750	(UK £	60,000)	123,900	4,507
AL	March 18, 1987	March 18, 1997–2008(a)	5.750	(Yen	30,000,000)	268,740	23,982
9A	Nov. 9, 1988	Nov. 9, 1998	5.400	(Yen	30,000,000)	268,740	13,943
9H	Nov. 30, 1990	Nov. 30, 2000	7.700	(Yen	30,000,000)	268,740	4,144
						1,341,386	68,745
General Sinking Funds						N/A	261,975
						$ 7,460,379	$ 1,633,122

The following is a schedule of debentures maturing in each of the next five fiscal years with related sinking funds. Amounts payable in foreign currencies and related sinking funds invested in foreign currencies are expressed at the Canadian dollar equivalent at the rates prevailing at the date of the financial statements.

For the Year ending March 31	Maturing Debentures (in thousands)	Related Sinking Funds
1993	$ 360,237	$ 258,555
1994	264,794	176,488
1995	502,252	197,619
1996	63,799	37,824
1997	87,874	66,441

Notes:

(a) Serial maturity

(A) Debentures held by the Canada Pension Plan Investment Fund are payable 20 years after their respective dates of issue, are not negotiable and not transferable or assignable but are redeemable in whole or in part before maturity at the option of the Minister of Finance of Canada, on six months' prior notice when he deems it necessary in order to meet the requirements of the Canada Pension Plan. Amounts are borrowed monthly and consolidated into one debenture annually.

The Province has established sinking funds for retirement of borrowings from the Canada Pension Plan Investment Fund, with annual payments commencing one year after the consolidation of monthly borrowings.

(B) Debenture issues to be retired through annual principal payments during the years indicated.

(C) Issue to be retired from proceeds of a trust established to repay indebtedness to the Province.

(D) Sinking fund payments normally commence on the first anniversary date of the issue of the debentures and are generally designed to retire the debt over a 20 to 25 year period unless the term of the issue is longer. Sinking fund investments consist primarily of debentures of the Province of Nova Scotia and Government of Canada.

(E) Debentures payable in U.S. currency, totalling U.S. $2,645,900,000, and related sinking funds of U.S. $493,969,896 are reflected at the rate of exchange in effect at March 31, 1992.

(F) Canadian dollar equivalent at rates of exchange in effect at March 31, 1992.

Notes to the Financial Statements

MARCH 31, 1992

1. FINANCIAL REPORTING AND ACCOUNTING POLICIES

Public Accounts

The Public Accounts of the Province, of which these financial statements are a part, are presented annually to the Legislative Assembly and contain, among other information, the detail of revenue and recoveries, current and capital expenditure, borrowing and investing authorities as well as detailed expenditure by object.

The receipt of public revenues, the disbursement of public funds, the control of expenditures and the keeping and auditing of the accounts of the Province are governed by various Provincial statutes.

The Reporting Entity

All receipts and disbursements of public money must flow through the "Consolidated Fund" of the Province. However, the Consolidated Fund does not include special funds such as trust, pension and sinking funds.

Receipts and disbursements consist of current revenue and expenditure, capital expenditure, recoveries, advances and investments, and other transactions.

Any net cash requirement of the Consolidated Fund is provided by the Province's traditional sources of financing, including internal sources and borrowings in financial markets.

The financial operations of provincially owned or controlled corporations and agencies, with the exception of the Nova Scotia Liquor Commission, are not consolidated in these financial statements and are reflected in revenue and expenditure of the Province only to the extent of any operating grants made by the Province. Operating grants are normally reflected as current expenditure. Net profits of the Nova Scotia Liquor Commission and the Nova Scotia Liquor License Board are included in current revenue of the Province.

The following are major crown corporations and agencies of the Province:

Nova Scotia Housing Development Corporation - Established to provide long-term mortgage financing through outside lenders for the Public Non-Profit Housing Program and various home ownership programs of the Department of Housing. Administration and management of the corporation is provided by the Department of Housing. The corporation pays an administration fee to the Department to the extent that interest revenues exceed expenses and interest costs in any year.

Nova Scotia Municipal Finance Corporation - Established to provide financing of approved capital projects for municipalities, municipal enterprises, school boards and hospitals through a central borrowing authority. Borrowings of the corporation are guaranteed by the Province and the proceeds are reloaned to municipalities, municipal enterprises and participating hospitals on substantially the same terms as the corporation's borrowings. The Province provides grants to school boards, hospitals and municipalities for operating and debt retirement purposes. Administrative expenses are paid by an operating grant from the Province.

Nova Scotia Power Corporation - Engaged in the production and sale of electric energy. The Province guarantees the corporation's borrowings, otherwise it is an autonomous commercial entity (Note 6).

Nova Scotia Research Foundation Corporation - Established to assist in the economic development of Nova Scotia by promoting, stimulating and encouraging the effective utilization of science and technology by industry and government. The corporation receives an annual operating grant from the Province to defray its operating expenses in excess of its contract revenue and investment income.

Nova Scotia Resources Limited - Established to invest in and manage the Province's participation in petroleum, energy and mineral projects. The Province guarantees the corporation's borrowings.

Sydney Steel Corporation - Engaged in the manufacture and sale of steel products. The Province has provided substantial financial assistance to Sydney Steel Corporation and in January 1990, assumed responsibility for the bank debt which it had guaranteed. The Province continues to guarantee lines of credit for working capital purposes and to provide grants in respect of debt servicing for outstanding debenture debt (Note 7).

Trade Centre Limited - Engaged in the operation of a trade and convention centre and the leasing of office and commercial space. The Province guarantees the corporation's borrowings and provides annual grants for operating and debt retirement purposes.

Waterfront Development Corporation Limited - Established to redevelop and revitalize sections of the waterfronts of Halifax and Dartmouth in accordance with an agreement between the corporation and the Province. The Province guarantees the corporation's borrowings and provides annual operating grants.

Net Direct Debt

The Province's financial statements are presented so as to highlight net direct debt, a measurement of financial position. Net direct debt consists of the direct liabilities of the Province less its realizable assets. Capital expenditures are not considered to be realizable assets for purposes of calculating net direct debt. Transactions affecting net direct debt are summarized in the statement of changes in net direct debt.

Budgetary Process

The budgetary estimates, as approved by the Legislative Assembly, provide the authority for current and capital expenditures and indicate the anticipated revenues and recoveries of the Province for the fiscal year. Authority for current expenditure expires at the end of the fiscal year. Authority for capital expenditure for a fiscal year does not expire until the end of the following fiscal year. Authority for current and capital expenditures is also provided by special legislation and by order of the Lieutenant Governor in Council under the authority of the Provincial Finance Act.

The Estimates are presented annually to the Legislative Assembly and reflect anticipated revenue and expenditure programs for the fiscal year for which approval is requested.

The Estimates also include a Forecast for the previous fiscal year indicating revisions of revenue and expenditure projections.

Estimate and Forecast figures are reflected in the statements of current revenue and expenditure and of capital expenditure.

Accrual Accounting

The accounts of the Province are kept on the accrual basis, revenues being recorded when earned and expenditures being recorded when the liabilities are incurred, with the following exceptions:

Payments from the Federal Government under the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act in respect of Equalization and Established Programs Financing Payments and under the Tax Collection Agreement in respect of Personal and Corporate Income Taxes are subject to adjustment in future years. Adjustment payments in respect of prior years are reflected separately under "Prior Years' Adjustments - Federal-Provincial Fiscal Arrangements."

Entitlements or liabilities are accrued on the basis of the best estimates available when the financial statements are prepared.

Net Revenue Surplus/Deficit

The annual net revenue surplus/deficit consists of current revenue and recoveries, excluding sinking fund earnings, less current operating expenditure, and annual sinking fund instalments and serial retirements in respect of capital liabilities.

Current Revenue

The main sources of revenue for the Province are as follows:

Federal Sources - The Province receives payments from the Federal Government pursuant to a number of fiscal arrangement programs. The major components of these arrangements are Equalization and Established Programs Financing Payments.

Equalization: annual payments based on the Province's fiscal capacity measured against a five-province average fiscal capacity on a per capita basis. There is currently a ceiling on the total payments by the Federal Government for this program to ensure that in any year the percentage increase of such payments does not exceed that of Canada's gross national product. The base for the escalation ceiling has been re-established to the 1992-93 fiscal year.

Established Programs Financing Payments: block funding arrangements in respect of post-secondary education, insured health services and extended health care services. Per capita entitlements are currently frozen at 1989-90 levels until March 31, 1995.

Shared Cost Programs: the Federal Government pays a portion of certain program costs for social services, adult occupational training programs and approved resource and industrial development projects.

Provincial Sources - Income Taxes: both personal and corporate income taxes are collected on behalf of the Province by the Federal Government. Personal income tax is assessed as a percentage of the basic Federal tax payable on personal income earned in Nova Scotia, while the corporate income tax is based on corporate income earned in the Province.

Sales Taxes: include the health services tax and gasoline and diesel oil taxes. The health services tax applies to most goods consumed and certain services provided within the Province. Gasoline and diesel oil taxes are based on a percentage of the average retail price of these motive fuels.

Current Expenditure

The major program expenditures of the Province by purpose are as follows:

Health: the Province administers a universal and comprehensive medical service and hospital care plan. Annual operating grants are paid to 48 hospitals and health-care institutions, funding is also provided for a dental care program for residents under 12 years of age and for pharmaceutical services for residents over 65 years of age.

Education: the Province provides operating grants to school boards and assists universities through operating grants and loans for capital purposes.

Social Services: the Province provides direct assistance payments to handicapped and other disadvantaged persons and cost-shares with the municipalities for the provision of adult residential care and short-term social assistance. Except for extended health care services which are covered by the Established Programs Financing program, most costs of social services are shared equally with the Federal Government.

Capital Expenditure

Expenditures resulting in the construction or acquisition of assets which are expected to have a useful life in excess of five years are charged to capital in the Province's accounts. Capital account appropriations also include certain expenditures on assets of a long-term nature to which title may vest with entities other than the Provincial Government (such as hospitals or municipalities), but which are considered to be for the benefit of the general populace of the Province. In addition, capital account appropriations include the present value of long-term leases under which the Province assumes substantially all of the benefits and risks of ownership related to the leased property, and assets acquired under long-term purchase agreements.

Loans and Investments

Under the authority of various Provincial statutes, the Province provides loans to, and makes investments in, its own corporations and agencies, and other entities. The loans and investments relate to programs for the promotion of resource and industrial development, the provision of low-cost and senior citizen housing, financing for educational institutions and the provision of funding for various Crown agencies and municipalities.

Loans and investments are reflected in the financial statements net of losses and provisions for losses, which are established as required through charges to current revenue and expenditure.

Interest revenue is recorded on an accrual basis. Provision for losses in respect of current years interest revenues are reflected as a reduction of interest revenue.

Annual administrative and operating expenses are included as current expenditures of the Province.

The major loan programs funded by the Province are as follows:

Nova Scotia Farm Loan Board

Loans are provided at below market rates to individuals, partnerships and corporations engaged in the farming industry. Loans generally are provided for the acquisition of real estate or the improvement of existing facilities and are secured by agreements of sale between the borrower and the Province.

Interest rates range from 8% to 11% depending upon the type and size of the loan.

Economic Development

The Province provides loans and equity capital to businesses and enterprises under several loan programs. The general policy is to set rates from 1½% to 2¼% over the average provincial borrowing rate; however, from time to time loans are made with concessionary terms. The Province is currently rationalizing the various loan programs and some consolidation will take place. The programs in place at March 31, 1992 included loans provided under the Business Capital Corporation Act, Industrial Development Act, Industrial Loan Act, Small Business Development Corporation Act, and the Venture Corporation Act.

Fisheries Development Fund

Loans are provided at below market rates for the construction or purchase of vessels, machinery and other fishing equipment. Loans made to individuals, partnerships and corporations are secured by first marine mortgages.

Interest rates range from 8% to 11%, with certain larger loans having rates set at the greater of the Province's average borrowing rate or 11%.

Housing Development Fund

The Province's share of capital housing programs is provided through the Housing Development Fund. These programs include low interest loans for home rehabilitation, renovations and the assembly and servicing of land.

Interest rates charged in respect to various loan programs range from 6% to ¼% above five year commercial lenders' first mortgage rates.

The Province subsidizes certain housing programs including, in some cases, the subsidization of interest costs.

Universities Assistance Act

The Province provides loans to universities for capital projects. The loans bear interest at rates approximating the Province's average cost of borrowing at the time of the transaction and are secured by 20 year mortgage bonds. Repayment is provided through sinking funds established to retire the loans over a twenty year period.

The Province includes provisions in annual operating grants to universities in respect of debt servicing costs associated with these loans.

Accounts Receivable and Current Advances

Accounts receivable and current advances are reflected in the financial statements net of provisions for losses or uncollectible amounts, which are established as required through charges to current revenue and expenditure.

Inventories

Inventories consist mainly of goods for resale and machinery repair parts, gravel, lumber and other materials relating to the upkeep of highways. Inventories also include selected operating supplies, which are used mainly by the Nova Scotia Hospital, hotels and educational institutions. Inventories are stated at the lower of cost and net realizable value.

Debentures and Sinking Funds

Debentures payable in foreign currencies, accrued interest thereon, and related sinking funds invested in foreign currencies, are reflected in the statement of financial position at the Canadian dollar equivalent at rates of exchange in effect at the date of the financial statements. The unrealized foreign currency gains or losses on debentures, net of related sinking funds, are amortized over the terms of the respective debenture issues by charges or credits to current expenditure. Sinking fund instalments, serial retirement payments and interest payable in foreign currencies are reflected in current expenditure at rates of exchange in effect at the date of the payment.

Discounts and underwriting commissions respecting the issuance of debentures are amortized over the terms of the related debenture issues by charges to current expenditure.

Sinking funds are maintained to retire outstanding debentures and Government of Canada loans. Sinking fund payments usually commence on the first anniversary date of the issue of the debenture issue or loan and are generally designed to retire the debt over a 20 to 25 year period unless the term of the issue is longer.

Sinking fund investments are reflected in the statement of financial position at amortized cost, and consist primarily of debentures of the Province of Nova Scotia and the Government of Canada. Sinking funds for debentures payable in U.S. currency are invested in U.S. dollar denominated investments. Where feasible, sinking funds for debentures payable in other foreign currencies are invested in investments of the currency of the issue, with any balance being invested in Canadian dollar denominated investments.

Pursuant to the Provincial Finance Act, sinking fund instalments and serial retirements of capital liabilities are treated as an expenditure in the calculation of net revenue surplus/deficit.

Earnings on sinking funds are credited directly to net direct debt.

2. CHANGES IN ACCOUNTING POLICY

During fiscal 1991-92, the Province recorded the actuarial liability of the Consolidated Fund in respect of pension obligations that had accrued as a result of various Government program initiatives. This included the liabilities related to the judges' supplemental pension plan, additional service credits, 1986 Early Retirement Incentive Program, pension provisions pursuant to the Public Service Act, 1991 Early Retirement Incentive Program, and the Members' Retiring Allowances Act.

The actuarial cost of the 1991 Early Retirement Incentive Program in the amount of $20,820,000 is reflected in the 1991-92 current expenditures for that program.

The actuarial cost of the remaining program liabilities totalling $56,116,000 are reflected as a charge to Net Direct Debt. These accrued liabilities related to benefits and program initiatives of previous years.

Prior to fiscal 1991-92, the costs associated with these programs were recognized in the current expenditures of the Province as pension payments were incurred. In future, the costs will be recognized in the current expenditures of the Province as the benefits are earned or at the time the program is initiated.

3. DEUTERIUM OF CANADA LIMITED (DEUTERIUM)

On February 9, 1978, an agreement was signed for the sale of the facilities of Deuterium and its subsidiaries to Atomic Energy of Canada Limited, the Federal Government corporation responsible for Canada's nuclear program. The purchase price is being paid in eighty quarterly instalments of $825,000. Title to the facilities will pass upon payment of the final instalment.

The instalments are being paid to a trustee, who is obligated to invest the funds and the earnings thereon in debentures of the Province yielding 5.5% to maturity. These investments amounted to $68,908,000 at March 31, 1992. At the date of the final payment, January 1, 1998, the fund will total $118,900,000 and will be used to repay the Province's non-interest bearing loans to and investment in Deuterium.

4. DEBENTURES AND OTHER CAPITAL LIABILITIES

Debentures payable in foreign currencies and related sinking funds invested in foreign currencies are reflected in the statement of financial position at the Canadian dollar equivalent at rates of exchange in effect at the date of the financial statements. Debentures maturing during the next five years and related sinking funds are shown in the footnotes to the Statement of Debentures and Sinking Funds.

As at March 31, 1992 and March 31, 1991, the unrealized net gains on foreign currency translation amounted to $18,373,000 and $165,037,000, respectively. Unamortized discounts on debentures amounted to $55,190,000 and $51,728,000, respectively.

Debentures and Other Capital Liabilities consist of the following:

	1992	1991
		(in thousands)
Debentures	$7,460,379	$6,927,046
Government of Canada Loans	18,822	26,334
Obligation under Capital Leases and Purchase Agreements	32,189	32,567
	7,511,390	6,985,947
Less: Sinking Funds	1,633,122	1,546,191
	$5,878,268	$5,439,756

Government of Canada loans include funds provided in respect of municipal projects under federally sponsored programs which the Province in turn advanced to municipalities under similar terms and conditions. At March 31, 1992 and March 31, 1991, these advances amounted to $9,845,000 and $11,627,000, respectively. The balance of the loans from the Government of Canada were provided to fund provincially sponsored projects. These loans bear interest at rates ranging from 7.03% to 9.57% and mature from March 31, 1993 to March 31, 2003, with $3,433,000 payable within the next fiscal year.

5. DEBT CHARGES

Debt charges consist of the following:

	1992	1991
		(in thousands)
Interest on outstanding debentures	$704,923	$656,410
Amortization of discounts on debentures	5,445	5,631
Interest on short-term borrowings	2,194	22,314
Foreign exchange net gains realized	(1,771)	(1,540)
Amortization of unrealized foreign exchange net gains	(17,161)	(13,022)
Other financing charges and costs	1,331	1,909
	$694,961	$671,702

The annual interest rates for individual borrowings are reflected in the Statement of Debentures and Sinking Funds.

For the years ended March 31, 1992 and March 31, 1991, the average interest cost in respect of debentures was 9.24% and 9.17%, respectively, calculated by applying the actual interest paid, expressed in Canadian dollars, plus the annual amortization of debenture discount as a percentage of the original proceeds of the debenture issues expressed in Canadian dollars. The amortization of net gains on the translation of foreign currencies is not taken into account in the calculation. The average term of debentures outstanding at March 31, 1992 and March 31, 1991 was 20.3 and 19.4 years, respectively. The average remaining term of such debentures at March 31, 1992 was 13.8 years.

6. NOVA SCOTIA POWER CORPORATION (NSPC)

On January 9, 1992, the Government of Nova Scotia announced its intention to privatize Nova Scotia Power Corporation through the sale of common shares to the public. The net proceeds of the share issue, estimated at $615,000,000, are to be used to repay short-term debt owing to the Province and to provide for retirement of debentures guaranteed by the Province.

At March 31, 1992 NSPC had short-term indebtedness to the Province in the amount of $164,924,000 and had outstanding debentures of $1,810,380,000 (net of accumulated sinking funds of $396,619,000) guaranteed by the Province.

The privatization process will also involve an undertaking of the privatized company to assume all obligations in respect of debt of NSPC guaranteed by the Province and to retire or defease all guaranteed debt obligations of NSPC over the period ending December 31, 1997. The Provincial guarantee will remain in place to the maturity or retirement of the debenture issues currently outstanding.

Enabling Legislation (Nova Scotia Power Privatization Act) has been passed by the Nova Scotia House of Assembly. The Province's minority interest in the privatized company will be determined at the time of the offering and is expected to be approximately 25% of the common shares outstanding. The Province has expressed its intention to sell its residual common shares subject to market conditions and other relevant factors.

7. SYDNEY STEEL CORPORATION (SYSCO)

Sydney Steel Corporation, a Provincial Crown Corporation established by an Act of the Legislature operates a steel mill at Sydney, Nova Scotia. Since the early 1970's, Sysco has incurred substantial operating losses which have been financed by grants and guaranteed lines of credit.

To March 31, 1992, the Province had made cumulative operating grants to Sysco totalling $203,774,000, made $111,638,000 in equity contributions for debt retirement, and contributed $291,836,000 in respect of capital expenditure programs of which $203,854,000 has been recovered from the Federal Government. Annual operating grants are reflected as current expenditure and equity contributions as capital expenditure in the Province's financial statements. On January 31, 1990, the Province also assumed $785,000,000 of Sysco's indebtedness which had been guaranteed by the Province.

As at March 31, 1992, Sysco had $125,998,000 in bank loans outstanding against lines of credit totalling $130,000,000 guaranteed by the Province. On May 12, 1992, the Province and Sysco entered into an agreement with a consortium of Canadian banks to provide Sysco with $25,000,000 in additional lines of credit secured by the current assets of Sysco. The Province, pursuant to the terms of the agreement which expires August 25, 1993, has undertaken to take assignment of the banks' security for the purposes of realizing on security interests with respect to the credit facility should that be necessary and to provide that Sysco will have sufficient financing to pay out indebtedness owing pursuant to the credit facility should the security be insufficient.

Sysco provides defined benefit pension plans on behalf of employees of the Corporation. The actuarial valuation of the pension plans as at December 31, 1990 indicates an unfunded actuarial liability of approximately $37,000,000 which requires annual contributions of approximately $4,850,000. In addition the Workers' Compensation Board of Nova Scotia has notified the Corporation that claims incurred on behalf of employees of the Corporation have substantially exceeded the level of premiums previously assessed and paid by the Corporation. Preliminary data indicates a deficiency of approximately $20,000,000.

For the years ended March 31, 1992 and March 31, 1991, Sysco suffered losses of $39,856,000 (before depreciation of $20,606,000) and $46,142,000 (before depreciation of $18,350,000), respectively. The Province has made provision for these losses totalling $85,999,000 in the calculation of its net direct debt.

The Government of Nova Scotia has announced its intention to sell the Sysco operations and the Company has engaged consultants to begin the marketing process. It is not known whether proceeds of the sale of the Sysco operations will be sufficient to liquidate the financial obligations of the Corporation.

8. CONTINGENT LIABILITIES

The Province acts as a guarantor of debt issued by Crown corporations, agencies and various other entities under authorities provided by Provincial statutes. Outstanding bank loans, bonds, debentures, etc., directly guaranteed by the Province, are summarized below, net of sinking fund balances.

	1992	1991
		(in thousands)
Nova Scotia Power Corporation (Note 6)	$1,810,380	$1,656,815
Nova Scotia Municipal Finance Corporation	495,285	440,508
Nova Scotia Resources Limited	358,624	280,385
Sydney Steel Corporation (Note 7)	126,389	71,677
Halifax-Dartmouth Bridge Commission	99,497	99,043
Industrial Development Act	33,521	33,385
Other	15,798	22,546
	$2,939,494	$2,604,359

The Province has also guaranteed future obligations of Novaco Limited, a crown corporation, pursuant to an agreement to take or pay for up to 275,000 tonnes of premium coal from a mine in Pictou County. The Province's commitment is dependent upon production and sales volumes, and market prices. The mine is currently not producing.

The Province is also contingently liable, pursuant to an agreement between the Government of Canada and the Province entered into under the Atlantic Provinces Power Development Act, for the repayment by the Nova Scotia Power Corporation of long-term notes payable to the Government of Canada amounting to $32,019,000.

The Province has also guaranteed performance bonds and letters of credit totalling $9,130,000 for Sydney Steel Corporation and has issued other performance guarantees totalling $22,500,000.

9. COMMITMENTS

The Province was obligated to the extent of approximately $114,005,000 for construction contracts entered into on or before March 31, 1992 and not completed at that date, of which $69,985,000 is being funded by other agencies or the Federal Government.

The Province has a statutory requirement to make payments to municipalities and school boards to service debt incurred with respect to the construction, alteration and improvements to school buildings or acquiring land therefore. At March 31, 1992, outstanding debt of the municipalities and school boards for these purposes was $201,952,000, of which $183,540,000 was provided through the provincially guaranteed borrowings of the Nova Scotia Municipal Finance Corporation. Annual principal and interest payments to service this debt for the years ended March 31, 1992 and March 31, 1991 amounted to $52,300,000 and $47,900,000, respectively. Such payments for the years ending March 31, 1993 to March 31, 1997 are projected to be $50,670,000, $46,118,000, $43,142,000, $40,149,000 and $38,369,000, respectively. In addition, there are approved school construction projects amounting to $81,621,000, for which, if completed, the Province will be obligated to pay debt servicing grants.

At March 31, 1992, the Province was also committed to providing debt servicing grants with respect to $264,000,000 of debt related to the cost of approved hospital construction projects. Of this amount $62,459,000 was provided through guaranteed borrowings of the Nova Scotia Municipal Finance Corporation. Annual debt servicing grants payable for the years ended March 31, 1992 and March 31, 1991 amounted to $12,800,000 and $9,600,000, respectively. Such payments for the years ending March 31, 1993 to March 31, 1997 are projected to be $15,000,000, $23,000,000, $28,000,000, $35,000,000 and $43,000,000, respectively.

10. PUBLIC SERVICE SUPERANNUATION FUND

Employees of the Province and certain of its entities are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by employee contributions of 5.4% and 7% of salary and equal contributions by the Province and participating agencies. During the fiscal year ended March 31, 1992, employee and employer contributions totalled $75,630,000. In addition, payments must be made by the Province out of its Consolidated Fund if the Public Service Superannuation Fund is insufficient to provide for pension payments as they become due.

Pensions are paid on the basis of the average salary for the five highest years at the rate of 2% for each year for which contributions were made. Contributions and benefits paid are integrated with the Canada Pension Plan. Employees and the Province contribute at a reduced rate (5.4%) and employees receive a reduced pension (1.3%) in respect of earnings eligible for Canada Pension Plan benefits. Pension payments are increased annually (January 1) by the lesser of the increase in the Consumer Price Index or 6%.

The most recent actuarial valuation is based on information as of March 31, 1992. The assumptions used in the actuarial valuation include a 4% inflation rate, 0.5% real average salary increase, plus an average of 1.3% for merit increases, a 4.5% real rate of return on investments and an average retirement age of 62. The valuation indicates that the employee and employer contributions are sufficient to meet current service costs and amortize the unfunded actuarial liability over 19 years.

In conjunction with the privatization of the Nova Scotia Power Corporation (NSPC), the Government intends to enter into agreements to transfer liabilities and assets related to active employees of NSPC to the privatized company pursuant to provisions of the Nova Scotia Power Privatization Act. In addition the Act provides that the new company will assume responsibility for any unfunded actuarial pension liability in respect of former employees of NSPC continuing to receive pension benefits under the Public Service Superannuation Plan.

The results of the actuarial valuation at March 31, 1992 were as follows:

	Actuarial Liabilities	Actuarial Assets	Unfunded Actuarial Liability
		(in thousands)	
Valuation - at March 31, 1992	$1,545,554	$1,431,612	$113,942
Deduct:			
Nova Scotia Power Corporation			
Active employees (1)	128,681	119,194	9,487
Former employees (2)	—	(9,850)	9,850
Valuation after privatization of the NSPC	$1,416,873	$1,322,268	$94,605

(1) The actuarial liability to be assumed by and assets transferred to Nova Scotia Power Inc.
(2) The net actuarial liability to be funded by monthly payments from Nova Scotia Power Inc. over 15 years.

11. PENSION OBLIGATIONS

Provincial legislation and regulations provide that certain payments to pensioners are charged to the Consolidated Fund of the Province rather than to the Public Service Superannuation Fund. The actuarial liability associated with these programs has been recorded in the accounts of the Province as at March 31, 1992 (Note 2).

Actuarial obligations recorded in the accounts of the Province were as follows:

	1992	1991
	(in thousands)	
War Service and Other Non-Contributory Service	$16,775	$ —
Early Retirement Incentive Program (1986)	7,702	—
Early Retirement Incentive Program (1991)	20,820	—
Benefits under the Public Service Act	891	—
Judges' Pension Supplement	6,178	—
Members' Retiring Allowance Act	25,279	1,265
	$77,645	$1,265

Members' Retiring Allowances Act

Members of the Legislative Assembly are entitled to receive retiring allowances pursuant to the provisions of The Members' Retiring Allowance Act.

Members make contributions of 10% of their Annual Indemnity Payment, their Annual Allowance for Expenses and Executive Council or other salaried office.

Benefits are paid on the basis of the average last 3 years of remuneration at the rate of 5% for each year of service, to a maximum of 15 years of service.

A member qualifies for benefits on ceasing to be a member after having served five years during two or more General Assemblies, and having attained age fifty. Former members who qualify for a retiring allowance may make application for an actuarially reduced allowance at forty years of age. Retiring allowances are increased annually (January 1) by the lesser of the increase in the Consumer Price Index or 6%. At March 31, 1992, the actuarially determined liability is reflected as an obligation of the Consolidated Fund of the Province (Note 2).

12. TRUST FUNDS UNDER ADMINISTRATION

Trust funds administered by the Province are:

	1992	1991
		(in thousands)
Public Service Superannuation Fund	$1,429,836	$1,267,085
Nova Scotia Teachers' Pension Fund	1,157,704	1,049,190
Universities Assistance Act Sinking Fund	26,519	25,771
Miscellaneous Trusts	18,362	19,935
	$2,632,421	$2,361,981

This brochure and other Financial Publications may be obtained by writing to:

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